

SCHEDULE A

FINAL ANNUAL BUDGET AND SUPPORTING DOCUMENTATION OF ALFRED NZO DISTRICT MUNICIPALITY

FINAL ANNUAL BUDGET OF
ALFRED NZO DISTRICT
MUNICIPALITY

2019/20 TO 2020/21
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Abbreviations and Acronyms

| | | | |
|--------|--|-------|---|
| AMR | Automated Meter Reading | ℓ | litre |
| ASGISA | Accelerated and Shared Growth Initiative | LED | Local Economic Development |
| BPC | Budget Planning Committee | MEC | Member of the Executive Committee |
| CBD | Central Business District | MFMA | Municipal Financial Management Act Programme |
| CFO | Chief Financial Officer | MIG | Municipal Infrastructure Grant |
| CM | City Manager | MMC | Member of Marchoral Committee |
| CPI | Consumer Price Index | MPRA | Municipal Properties Rates Act |
| CRRF | Capital Replacement Reserve Fund | MSA | Municipal Systems Act |
| DBSA | Development Bank of South Africa | MTEF | Medium-term Expenditure Framework |
| DoRA | Division of Revenue Act | MTREF | Medium-term Revenue and Expenditure Framework |
| DWA | Department of Water Affairs | NERSA | National Electricity Regulator South Africa |
| EE | Employment Equity | NGO | Non-Governmental organisations |
| EEDSM | Energy Efficiency Demand Side Management | NKPIs | National Key Performance Indicators |
| EM | Executive Marchor | OHS | Occupational Health and Safety |
| FBS | Free basic services | OP | Operational Plan |
| GAMAP | Generally Accepted Municipal Accounting Practice | PBO | Public Benefit Organisations |
| GDP | Gross domestic product | PHC | Provincial Health Care |
| GDS | Gauteng Growth and Development Strategy | PMS | Performance Management System |
| GFS | Government Financial Statistics | PPE | Property Plant and Equipment |
| GRAP | General Recognised Accounting Practice | PPP | Public Private Partnership |
| HR | Human Resources | PTIS | Public Transport Infrastructure System |
| HSRC | Human Science Research Council | RG | Restructuring Grant |
| IDP | Integrated Development Strategy | RSC | Regional Services Council |
| IT | Information Technology | SALGA | South African Local Government Association |
| kl | kilolitre | SAPS | South African Police Service |
| km | kilometre | SDBIP | Service Delivery Budget Implementation Plan |
| KPA | Key Performance Area | SMME | Small Micro and Medium Enterprises |
| KPI | Key Performance Indicator | | |
| kWh | kilowatt | | |

PART 1 – FINAL ANNUAL BUDGET

**EXECUTIVE MARCHOR, CLLR. S. MEHLOMAKHULU'S BUDGET POLICY SPEECH
DURING TABLING OF THE 2019/20 IDP/BUDGET OF THE ALFRED NZO DISTRICT
MUNICIPALITY TO THE SITTING OF ORDINARY COUNCIL MEETING HELD AT
ALFRED NZO DISTRICT MUNICIPALITY COUNCIL CHAMBERS ON THE 30 MAY
2019**



VISION

**A District whose communities are self-sustaining and enjoy a good quality life,
equitable access to basic services and socio-economic opportunities.**

MISSION

**To be a responsive and capable institution that effectively delivers basic services and innovative
development programmes with a strong orientation to rural development in partnership with its
communities and other social partners.**



30 MAY 2019

Honourable Speaker of the Council
Acting Chief Whip of the Majority Party and the Whippers
Deputy Executive Mayor
Members of the Mayoral Committee
Chairperson of MPAC
Councillors
Traditional leaders
Board Members of ANDA
Chairperson of the Audit Committee
Municipal Manager
Senior Managers and Managers
All our officials present here today
lindwendwe nabahlali abazimasileyo phaya kwi gallery
Members of the media
Molweni, Dumelang, Good Morning

“The spirit of a people, its cultural level, its social structure, the deeds its policy may prepare – all this and more is written in its fiscal history, stripped of all phrases ... The public finances are one of the best starting points for an investigation of society, especially though not exclusively of its political life.”

Joseph A Schumpeter

Honourable councilors, we have travelled this journey together of progressive evolution of our budget, because we share the same vision, and we will continue, day by day and year by year, to translate the resources at our disposal, and the opportunity before us into people-centred development, human fulfillment and freedom.

Today, I submit before this House the Annual Budget 2019/20 for the Alfred Nzo District Municipality. It reflects, to the best of my judgment, the District financial situation. It is in the interest of our people in the District, and not in the narrow objectives of any political party. It is to safeguard the sound financial status of the District. I do this in my role as Executive Mayor, performing my fiduciary responsibility as the guardian of the District finances.

Honourable Speaker, through you, as we end the month of May which marked several important days in our country's calendar, Workers' Day, Africa Day, Children Protection Week (still on-going till 4th of June) and mostly importantly, the swearing in and deployment of members of Parliament after Sixth peaceful National and Provincial Democratic Elections.

In congratulating all these members particularly, Cde Babalo Madikizela, Cde Twabu, Cde Nkumpane, Cde Mpumza and Cde Mlenzana, I would like to remind you of the words of Ho Chi Minh when addressing Communist Party of Vietnam on matters of deployment.

" Deployment is an opportunity for a member to be an instrument to use the state power to transform the lives of our people for better.....Deployment must never be construed as career upward mobility. Nor must it be seen as a competition with or spite of your peers or detractors...Deployment is just an opportunity to serve, and serving must be done with respect and humility."

In those words which remain relevant, and serve as wake up call, not only to members of parliament, but to us, here, today, Councilors, in this Council, let me congratulate all members who have been sworn into corridors of governance after elections, and call upon everyone of us to give them maximum support.

Honourable Speaker, in this financial year we had our pros and cons that have strengthened us not to deter on our mission to achieve a better life for all our District residents.

Honourable Councilors, in the month of April, we experienced heavy rains with floods that brought damages in the entire District, wherein people lost their households and belongings, left homeless and destitute, destroyed access roads, bridges were overflowing and others wiped off, causing the disruption in the movement of people to their areas of needs.

An assessment was done of the flood damages and estimated to be more than **R200 million** in the entire District, hence the Council held on the 30 April 2019 declared state of disaster in the District

Honourable Speaker and guests, We have lost loved ones and fellow colleagues in this financial year, that had potential to contribute to our district success and those who had

dedicated their lives in the public sector for the realization of our country's constitution. Their presence will never be forgotten.....

In that spirit, I would like to call upon the house to stand up for a moment of silence to remember these heroes and heroines of our soil.

Honourable Councillors and guests, it is worth important to mention that, the Municipality continues expand its wing in strengthening its relationship with stakeholders within the country and beyond. We hosted Hameln-Pyrmont District Municipality from German, in this month of May to pave a clear pathway on our joint programme of action on Municipal Climate Partnership purely focused on areas of Sustainable Energy Management, Water Resource Management and Disaster Management that will contribute towards long-term projects and measures of climate change adaptation and mitigation. Our bilateral have been ongoing since October 2017, and we are committed in this partnership.

Honourable Speaker and the Council,

Therefore, this Budget lays the foundation for the infrastructural development envisage over the next financial year 2019/20 of this Municipality. It set out resource plan for an intensified implementation of our Integrated Development Plan, with the knowledge that all citizens of Alfred Nzo District will gain from our economic transformation advancements. The point of departure is that, our economic order in not built on populist slogans, or unrealistic promises, or pact among elites, or stakeholders with vested interests, but with the masses on the ground.

Therefore, our budget is founded on three principles:

- Prioritization of the poor and vulnerable,
- To outline future plans in pursuit of the broader goals of government, and
- Setting a new paradigm to grow an all-inclusive economy

Somlomo, the mission to satisfy the basic needs of our people does not start with this IDP budget 2019/20 and will not end with it. We have built roads to link villages to towns and eased the burden of mobility for our people. We have provided water and electricity to communities who thought these basic human rights were a preserve of the privileged few. Our communities can attest to that, through handover programmes of both completed and new projects, handed throughout the district by our dedicated councilors accompanied by

our Officials. And indeed we have developed government infrastructure to bring government services closer to our communities in line with our commitment of putting people first.

Therefore, we must not be shy about celebrating our successes, as they far outweigh our challenges. However, we do not have the luxury to bask in this glory for too long. We need to respond on realistic plans to grow Alfred Nzo District Economy and break the cycle of underdevelopment in our region.

Honourable Speaker, in the state of the district address in 2017 we highlighted the need to promote sound and good governance, to illustrate such, we achieved an unqualified audit opinion from the Auditor General in 2017/18 FY.....this means that our financial spending and reporting is in good standing, but there are areas of concern that needs our collective special attention. In our pursuit for a clean audit opinion, we have put strong control measures where we ensure that all recommendations through Internal Audit Portfolio are implemented and all potential incapacity identified by Risk Management are complied with and rectified.

ECONOMIC OUTLOOK

Somlomo, our country is part of global economy, and by negative development implications in the global economy, will also affect our national, provincial and local economy. We must work together to shield our economy from any possible aftershocks from the current geo-political impasse between the US and China, the European Union and UK.

With these developments in mind, National Treasury projects a GDP growth rate of 1.5 percent in 2019, 1.7 percent in 2020 and slightly improve to 2.1 percent in 2021.

This slow growth rate means a tighter fiscal envelop for our country, and shrinking equitable share for our local municipality. We must work smart and reprioritize our limited resources at our disposal to further goals our residents entrusted us with.

On the other hand, the report released by World Bank in 2018 noted that poverty rates remained high in South Africa, with more than half of South Africans, or 30 million people living below the national poverty line of R992 a month. Poverty has remained highest among female headed households, black South Africans and most children.

The slow economic growth compared with high poverty levels in the country creates a difficult situation within which to allocate shrinking resources to the ever increasing developmental demands.

As part of government machinery, the local sphere of government cannot escape this environment, and as such our planning and operations have to be attuned to these realities.

Ladies and Gentlemen,

We have taken a decision to further develop our District Development Plan-Vision 2030 for the Municipality that articulates to the development priorities of Alfred Nzo District between 2019 and 2030, and to outline key programmes and interventions to achieve desired outcomes in the District. In undertaking DDP-Vision 2030, we have set 5 prepositions identified for the District, that include: **much improved public infrastructure; better quality public services; growing economy with lower unemployment and higher living standards; sustainable and well conserved and protected natural environment; and public sector organizational strengthening to drive the DDP.**

To realize these propositions, we have crafted 6 strategic goals, which ANDM intends to achieve.

- Goal One: An enabling infrastructure network
- Goal Two: to achieve capable democratic governance
- Goal Three: to achieve an innovative, inclusive and growing economy.
- Goal Four: An Environmental sustainability
- Goal five: Rural Development and innovative and high value Agricultural sector.
- Goal Six: Improved Human Development.

BUDGET 2019/20

Mr. Speaker, in tabling the 2019/20 budget today, we embarked on a process where we consulted communities to ask all residents to have their say and make comments on the proposed budget. Residents of Alfred Nzo have spoken and we will transform their demands into action.

In our quest to transform ANDM to be a fully delivering and sustainable municipality, the total budget for the upcoming financial year is a total of **R1, 310 billion**, reflecting 8 percent increase compared to the adjusted budget of **R1, 203 billion**. Our Operating Expenditure for the 2019/20 financial year have increased by **R731.4 million** which translate to a percentage increase of 10% from 2018/19 adjusted budget. The capital expenditure is **R579.4 million** for 2019/20 increased by 5% from the 2018/19 adjustment Budget with total Operating Surplus of **R8.8 Million**.

OPERATING REVENUE FRAMEWORK

The municipality is still grant dependent; own revenue is 6 percent of the total budgeted operational revenue and that is **R89.6 million**.

The budget also indicates that the district municipality is highly dependent on grants as it has received **R582.87 million** conditional grants and **R556.72 million** from equitable share.

For the district municipality to continue improving the quality of services provided to its citizens, it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues. I therefore call upon all of us inclusive of councillors and senior officials, to intensify grant hunting funding measures from external sources so as to boost our financial reserves.

Honourable Speaker, in that note I must say that the municipality have incurred unauthorized expenditures that have accumulated from 2014 until 2018 which were never taken to council for authorization. The unauthorized expenditures varies from debts inherited from demarcation process (OR Tambo DM to ANDM), unplanned drought events exceeding planned budgets and lower estimation on depreciation of municipal assets based on past trends. The total amount of these unauthorised expenditure amount to **R346 948 870**. I therefore, ask the council to note and approves unauthorised expenditure incurred from 2014 to 2018 be written off as they may dent our mission to achieve clean audit opinion.

Water Tariff Increase

A tariff increase of **6 percent** from 1 July 2019 for water is proposed. This is primary based on the CPI inflation rate of 6 per cent as projected by the National Treasury. In addition once credible systems are put in place it is expected that 6 kℓ water per 30-day period will again be granted free of charge to all qualifying residents.

Salaries and Wages

The budgeted allocation for employee related costs for the 2019/20 financial year totals to **R287.8 million**, which equals 39.3 per cent of the total operating expenditure. Salary increases have been factored into this budget at a percentage increase of 6.5 per cent for the 2019/20 financial year. As part of the District Municipalities cost reprioritization and cash management strategy, vacancies have been significantly rationalized downwards.

Repairs and Maintenance

The district municipality has made a provision of **R54.6 million** in the 2019/20 budget for repairs and maintenance. This is in line with the National Treasury's requirement of 8% of the total operating cost. This is however a significant increase of **R4 million** from the provision made in the current draft annual budget (R58 million) vs original budget.

Let me emphasise that one of the key budget principle is to increase the percentage share of the maintenance budget. This is done to keep the integrity of our assets, especially in the more affluent areas. This saves us from expensive future replacements costs and improves public confidence in the leadership of the municipality.

It is important that we incentivise these affluent communities to continue paying for their services; after-all they make the disproportionate contribution to our fiscus.

EPWP

Hon. Speaker, Expanded Public Works Programme make provision of approximately **1862 job** opportunities at an estimated cost of **R29 Million**, of which EPWP through Public Works Grant will contribute **R9.17 million** towards implementation of various job creation initiatives in the next financial year, 2019/20. This EPWP Grant is lower than the current year budget (2018/19) which is **R10.84 million**, due to tight fiscal envelop as you might have seen from both National and Provincial Budget Pronouncements. Despite this subdued economic outlook, this will not compromise our mission in ensuring that more jobs are created. Lenkqubo izakuthi incedise ukususa ikati eziko kumakhaya amaninzi kwiidolophu neelali zesithili sethu.

EPWP job creation opportunities will be focused on the following projects

- MIG Projects
- EPWP Projects
- RBIG projects
- WSIG and
- Equitable Share

MUNICIPAL DEPARTMENT BUDGETS

Infrastructure Development and Municipal Services (IDMS)

Honourable Speaker, as the district municipality our main mandate in technical services is to provide access to clean water and sanitation services. In our attempt to strive for better improvement on such services, as a scarce water region we will continue to provide water access through borehole drilling, installation of water reticulation systems, and water storage infrastructure. We will also continue with the construction of VIP toilets and servicing peri-urban areas with waste water treatment works that will bring dignity to our people.

These attempts seek to radically reduce service delivery backlog emanating from our historical spatial planning disparities. Therefore, we have allocated a total budget of

R747.4 million on Infrastructure Development and Municipal Services.

Community Development Services (CDS)

Honourable Speaker, Community Development Services portfolio will continue to be our pillar for our quest to support and improve service delivery programmes and living conditions of our communities through its sub-programmes. These sub-programmes includes; customer care, disaster management and municipal health services.

As part of customer care services, we will continue to support the following three flagship projects:

- Batho-pele championship programme which is aimed at putting people at the centre
- Customer Satisfaction Survey whose intention is to measure the understanding and perception of the people on municipal rendered services in order to identify the gaps in our service delivery improvements strategies.
- Community safety programme whose focus is on the coordination crime prevention initiatives to ensure our communities live in crime free environment.

Honourable Speaker, our district is prone to disaster incidents such as veld fires, bad weather conditions resulting to resident's shelter damage and unknown cause (Uvutha). In combating such we intend to; increase more personnel, enhance water rescue capacity by conducting water rescue capacity building workshops to save people from drowning, and procure fire tanker to address scourge of veld fires.

ANDM will continue to support integrated food safety raids and awareness campaigns to prevent food borne diseases that may affect our communities to improve health of our communities.

In that regards, we have allocated a total budget of **R75.2 million** in ensuring that we provide effective community development services for our people.

Corporate Services

Honourable Speaker, Corporate Services will continue to implement skills development initiatives, provide labour relations services and employee wellness programmes, and provide quality human resource services to the institution management, councillors and employees in ensuring that our municipality continue to provide basic services to our

In 2019/20 Budget, ANDM intends to continue with the empowerment of employees including councillors and communities at large through the implementation of the following projects:

Human Resource Management and Development with the following programmes:

- Skills Development Initiatives to the tune of **R4.2 million**
- External bursaries to the tune of **R1 million**

Information and Communication Technology projects for the purpose of providing sustainable connectivity infrastructure which will include:

- District wide connectivity backbone project with an amount of **R700 000**
- ICT centres support and maintenance allocated an amount of **R500 000**
- Establishment of new ICT community centre at the tune of **R500 000**

Administration Support whose purpose amongst other things is to provide security services and facility management. Intends to implement the following project:

- To intensify efforts to safeguard municipal facilities and assets through provision of security services to all municipal facilities including water services schemes at a tune of **R28 million**.

Therefore, we have allocated a total amount of **R103.5 million** in order to continue implementing these development initiatives.

Planning and Economic Development

Somlomo, our fiscal outlook is unpredictable and our equitable share is diminishing in real terms. Therefore we must supplement it with concrete economic growth plan.

Somlomo akukho mlingo ozakusikhulula kwezingxaki sinazo zoqoqosho apha kwisithili sethu. Kwaye nokusoloko sicela amalizo kuzakusihlebisa. Karl Marx on his Eighteenth

Brumaire of Louis Bonaparte said, “**Men make their own history, but they do not make it as they please, they do not make it under self-selected circumstances, but under circumstances existing already, given and transmitted from the past**”.

We must write our own history under “**the existing circumstances that are given and transmitted from the past**” and create a brighter future for our district. We therefore bring to this house and the people of the district today a realistic plan to stimulate economic growth in our District.

Honourable Speaker, Local Economic Development (LED) as a portfolio that intends to maximize economic potential of the municipality have come up with strategic initiatives that seeks to drive us towards inclusive economic growth path that is premised on job creation and SMME beneficiation. Key potential sectors have thus been identified to drive local economic development in the District namely; Agriculture & Agro-Processing, Forestry, Tourism & Heritage, Ocean Economy and the manufacturing sector.

Key programmes for implementation in line with the District’s key economic sectors includes:

- **Manufacturing** which has the following programmes:
 - **The Residential fashion designers programme** - intended to develop local garment manufacturers and is allocated a budget of **R900 thousand**. Upon designers completing this programme, they will be assisted to secure off-take agreements with potential clothing retailers. Somlomo ngeli phulo siqwenela ukuba iivenkile zempahla zithungelwe ngabantu basekuhlaleni kwaye ukuba kuhamba njalo amathuba emisebenzi azovela.
 - **The Zone Center Development Programme** – aims to assist block manufacturers in the District, by giving them access to utilize the Zone Centres. For the 2019/20 financial year, the District intends to refurbish the ANDM Zone Centres that were previous built by the District towards the construction of VIP toilets.
- **Agriculture** which has the following programmes:
 - **The Agri-Park Programme** - Agriculture is currently the main economic activity in the District that possess a high level of potential for development, due to the District’s favourable climatic conditions. The Agri-Park programme therefore aims to bring about rural economic transformation and sustainable

economic growth in the district. The District has thus budgeted an amount of **R28.6 million** as part of the Agri-Park programme implementation.

- Other programmes that are currently at conceptual stage which aim to enhance SMME development and further improve the District's economic growth include;
 - Tourism – Beach to Berg Corridor Development review
 - Oceans Economy - Development of the Coastal and Ocean Economy sector plan.

Honourable Speaker, our support to SMMEs is vital and they are a pathway in ensuring that wealth of the region is evenly distributed. Through these SMMEs initiatives, we as local government we can achieve our role of promoting economic growth, job creation and poverty alleviation.

Somlomo, included in the budget provision is an amount of **R20 million**, which has been allocated to the **Alfred Nzo Development Agency** so it can play its role in the developmental agenda of our district.

Sizakuvuselela namanye amaphulo ajolise ekukhuliseni uqoqosho lwesithili. In this regard we have allocated a total budget of **R67.7 million** for Planning and Economic Development to grow an all-inclusive economy for our district.

TAPPING INTO THE NATIONAL INFRASTRUCTURE FUND

Somlomo, in a tight fiscal environment such as the one we are in, where the public purse is constrained against higher demands for social services, government and private sector entities must meet halfway to fund capital projects that will create jobs and dismantle inequality.

Minister of Finance, Hon Tito Mboweni, in his budget speech, announced that government is setting up a National Infrastructural Fund that will accelerate **R526 billion** worth of projects through partnership with DFIs and the private sector. As a District, we must be ready to submit bankable project business plans for capital funding. And for us to achieve that, we need to address land tenure issues hampering our development by meeting with traditional leaders and communities. Secondly, transparency must always be maintained on planned developmental initiatives and our communities should be engaged honestly on issues of beneficiation and jobs.

The development of our district rests on understanding and receptiveness of our people towards the importance of development of our communities, as much it is the responsibility of government to develop them.

Honourable Councillors

We are a rural district municipality that is mainly populated by young people and in all our development initiatives we ought to be bias towards their development. All our programmes will target the unemployed youth, the disabled, and women and people affected and infected by HIV/AIDS.

In conclusion Honourable Speaker and the Council,

I therefore recommend that:

1. The Council adopts the draft budget in line with section 24 of the Municipal Finance Management Act, (Act 56 of 2003) as presented to the Council.
2. That the attached IDP, Budget and budget related policies in respect of the 2019/2020 be adopted.
3. The Annual Budget for ANDM is as follows:

| | |
|------------------------------------|------------------------|
| Total Operating Revenue | R 1 310 879 329 |
| Total Operating Expenditure | R 731 419 979 |
| Total Capital Expenditure | R 579 459 350 |
| (Surplus)/Deficit | R (8 342 678) |

Honourable Speaker,

Furthermore, the Council, acting in terms of section 75(a) of the Local Government: Municipal Systems Act (Act 32 of 2000 as amended) adopts with effect from 01 July 2019 the final tariffs for the supply of water, the draft tariffs for sanitation services and all other tariffs as entailed in the municipality's tariff policy.

Honourable Speaker, Honourable Councillors and residents of the district. We laid down a bold plan with clear directives of what must happen where and how. We have attached the rands and cents to this plan with knowledge that money can never be enough to address societal challenges. However, if we all use these allocated resources prudently

and solely for the intended purpose, our district will be in a better shape than it is today in terms of poverty, unemployment and inequality. I also urged that we should utilize allocated budget as per the time frames to avoid any further possible penalties, failure of which consequence management will have to be implemented.

I thank you

2. Executive Summary

The application of sound financial management principles for the implementation of the District Municipality's budget is essential and critical to ensure that the district municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The district municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programs so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. This has resulted in partial savings to the district municipality. Key areas where savings were realized were on telephone and internet usage, printing, overtime, workshops, traveling and accommodation, and catering.

It is planned that in order to realize the revenue provisions as outlined in the budget, the district municipality needs to embark on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. As a result the Credit Control and Debt Collection Policy has been reviewed to accommodate the latter, the other budget related policies were also reviewed and amended. Furthermore, the district municipality needs to undertake various customer care initiatives to ensure that the district municipality truly involves all citizens in the process of ensuring a people lead government. Also Tariffs have been set taking cognisance of the inflation rate and current collection levels as well as National Treasury guidelines. Tariffs have been increased at 6% across the board.

It should also be mentioned that the municipality managed to obtain the Unqualified Audit Opinion for the 17/18 financial year as presented by the Auditor General in the Council, the municipality has been receiving qualified audit opinions from the auditor general before that.

The ANDM, in its Council sitting of the 31 August 2018, tabled the IDP/Budget process plan with its time schedules of key dates and activities to be followed when preparing the 19/20 MTREF budget. This is in line with Chapter 4 and Section 21 (1) of the MFMA. The IDP is aligned with the budget, and projects and programmes in the IDP are the same as those in the budget for the current year (2019/2020) and the two outer years.

The horizontal alignment will be between the district and local municipalities to ensure that planning activities and processes were coordinated and addressed jointly when dealing with IDP/Budget process plan. Vertical alignment on the other hand between local government, the province and national governments as well as parastatals or service providers to ensure that the IDPs are in line with the national and provincial policies and strategies has been certified, so that it is considered for the allocation of departmental budgets and conditional grants.

In the previous years, when the municipality had only two local municipalities, major strides were made to reduce the water services backlogs, however after 2011 elections the backlog figures increased with the inclusion of the two new local municipalities. Even though the two local municipalities came with backlogs, the municipality continued to

deliver the service especially with regards to provision of sanitation services i.e. VIP toilets in rural areas. The municipality has tremendously reduced the backlogs for the provision of sanitation through the MIG funding.

The provision of services especially with respect to sanitation has been on the constant increase as opposed to water. This is mainly due to the fact that the provision of sanitation facilities i.e. VIP toilets is quick to implement while water services have a lot of statutory requirements that need to be adhered to before any construction work can commence.

Furthermore the municipality has identified a gap in supporting indigents within the municipality. Local municipalities will be taken on board in order to consolidate a comprehensive indigent register. The indigents will then be financed through the equitable share.

National Treasury's MFMA Circular's No. 51, 54, 58, 59, 66, 67, 70, 72, 74, 75, 79, 85, 90, 91, 93 and 94 were used to guide the compilation of the 2019/20 MTREF.

The main challenges experienced during the compilation of the 2019/20 MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy resulting in a weakened global economic outlook and a pattern of slow growth;
- Downward revision of South Africa's gross domestic product (GDP) forecast for 2019/20; and as well as possible downward rating of SA economic statues;
- Aging and poorly maintained water and sanitation infrastructure;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water (due to tariff increase by the Department of Water Affairs), which is placing upward pressure on service tariffs to residents.
- Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects; and
- Continued budget provisions being made for unfunded mandates (Municipal Health Services).
- Limit in budgeting for non-priority spending items in an effort to implement stringent cost-containment measures

The following budget principles and guidelines directly informed the compilation of the 2019/20 MTREF:

- The 2018/19 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were used as the upper limits for the new baselines for the 2019/20 final annual budget, and as well as MFMA circulars;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial unfunded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- Going back to basics and reduction of expenditure on nice to have's;
- Implementation of the municipal cost containment regulations as published in GG 16022018;
- Continuous implementation of cost cutting measures as approved by the Council

In view of the aforementioned, the following table is a consolidated overview of the proposed 2019/20 Medium-term Revenue and Expenditure Framework:

Table 1.a Consolidated Overview of the 2019/20 MTREF

| | Medium Term Revenue & Expenditure Framework (MTREF) | | | |
|-----------------------------------|---|---------------------------|---------------------------|---------------------------|
| | 2018/2019 | BUDGET YR. 1 2019/2020 | BUDGET YR. 2 2020/2021 | BUDGET YR. 3 2021/2022 |
| | ADJUSTED BUDGET | FINAL ANNUAL BUDGET | FINAL ANNUAL BUDGET | FINAL ANNUAL BUDGET |
| Total Revenue | 1 209 007 661 | 1 319 222 007 | 1 382 095 973 | 1 518 456 298 |
| Total Operating Expenditure | (656 002 994) | (731 419 979) | (744 746 392) | (767 194 576) |
| Surplus / Deficit for the Year | 547 951 918 | 579 459 350 | 600 969 719 | 680 914 566 |
| Total Capital Expenditure | (547 951 918) | (579 459 350) | (600 969 719) | (680 914 566) |
| NET SURPLUS/(DEFICIT) | (5 052 749) | (8 342 678) | (36 379 863) | (70 347 157) |

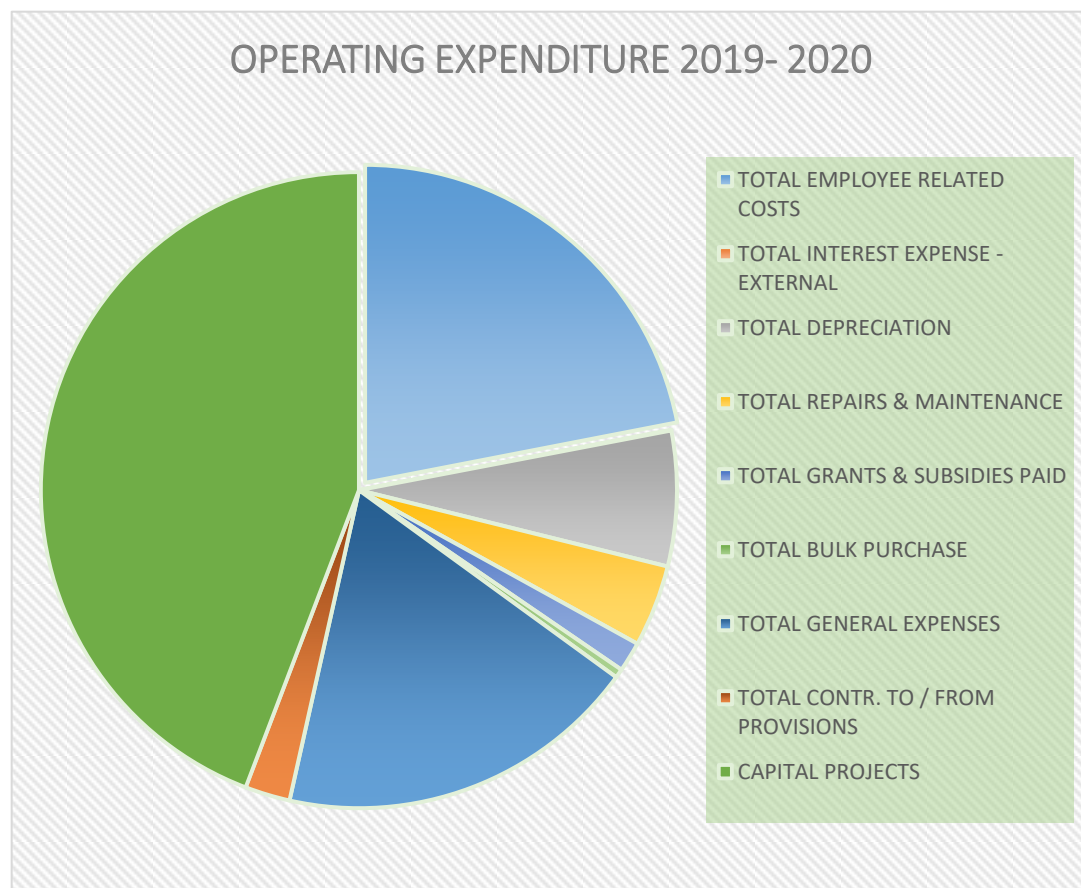
| REVENUE SOURCES 2019 – 2020 | | |
|---|----------------------|-------|
| | | |
| <i>INTERNAL FUNDS</i> | 89 629 007 | 6.8% |
| <i>GRANTS -NT / PT</i> | 582 873 000 | 44.5% |
| <i>EQUITABLE SHARE</i> | 556 720 000 | 42.5% |
| <i>OPERATING RESERVES / INVESTMENTS</i> | 90 000 000 | 6.2% |
| | | |
| | | |
| Total expenditure | 1 310 879 329 | 100% |
| | | |
| | | |

EXPENDITURE ALLOCATIONS

Table 1 C

OPERATING EXPENDITURE

| DESCRIPTION | AMOUNT | % TO OPEX | % TO TOT BUDGET |
|-----------------------------------|----------------------|-------------|-----------------|
| TOTAL EMPLOYEE RELATED COSTS | 287,794,163 | 40.48% | 21.95% |
| TOTAL INTEREST EXPENSE - EXTERNAL | 500,000 | 0.07% | 0.08% |
| TOTAL DEPRECIATION | 90,000,000 | 12.66% | 5.17% |
| TOTAL REPAIRS & MAINTENANCE | 54,610,312 | 7.68% | 1.99% |
| TOTAL GRANTS & SUBSIDIES PAID | 20,000,000 | 2.81% | 1.88% |
| TOTAL BULK PURCHASE | 6,000,000 | 0.84% | 0.28% |
| TOTAL GENERAL EXPENSES | 242,515,504 | 34.11% | 13.81% |
| TOTAL CONTR. TO / FROM PROVISIONS | 30,000,000 | 4.22% | 2.12% |
| CAPITAL PROJECTS | 579,459,350 | 0.00% | 50.04% |
| TOTAL BUDGET | 1,310,879,329 | 100% | 100% |

EXPENDITURE ALLOCATIONS IN TERMS OF PIE CHART

| ALFRED NZO DISTRICT MUNICIPALITY FINAL ANNUAL BUDGET 2019 - 2020 MTREF SUMMARY - ALL DEPARTMENTS | | | | | |
|--|------------------------|--------------------------|---|------------------------|------------------------|
| FINAL ANNUAL BUDGET 2019- 2020 | BUDGET YR. 1 | | BUDGET YR.1 | BUDGET YR.2 | BUDGET YR.3 |
| | 2018/2019 | | 2019/2020 Medium Term Revenue & Expenditure Framework | | |
| | ORIGINAL BUDGET | MID-TERM ADJUSTED BUDGET | FINAL ANNUAL BUDGET 2019/20 | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
| DESCRIPTIONS | R | R | R | R | R |
| INTERNAL FUNDS (OWN REVENUE) | (57,342,666) | -57,350,661.24 | (89,629,007) | (94,468,973) | (99,570,298) |
| GRANTS -NT / PT | (571,313,000) | -551,313,000.00 | (582,873,000) | (594,707,000) | (675,033,000) |
| EQUITABLE SHARE | (510,344,000) | -510,344,000.00 | (556,720,000) | (597,920,000) | (643,853,000) |
| OPERATING RESERVES / INVESTMENTS | (70,000,000) | -90,000,000.00 | (90,000,000) | (95,000,000) | (100,000,000) |
| TOTAL OPERATING REVENUE | (1,208,999,666) | (1,209,007,661) | (1,319,222,007) | (1,382,095,973) | (1,518,456,298) |

Total Revenue (R1 319 billion) has been increased by 8 % from the 2018/19 original budget and an increase of grants from R571m to R582m. The Internal Funding for R89m comprises of own revenue. Internal funding has increased compared to the previous financial years due to the fact that funds that will not be used immediately are invested in different banking institutions. Equitable share has increased from R510million to R556 million as gazetted by DORA. Operating reserves, this is the non-cash item for depreciation, increased from R70m to R90m to avoid unauthorized expenditure.

| ALFRED NZO DISTRICT MUNICIPALITY FINAL ANNUAL BUDGET 2019 - 2020 MTREF SUMMARY - ALL DEPARTMENTS | | | | | |
|--|----------------------|--------------------------|---|------------------------|------------------------|
| FINAL ANNUAL BUDGET 2019- 2020 | BUDGET YR. 1 | | BUDGET YR.1 | BUDGET YR.2 | BUDGET YR.3 |
| | 2018/2019 | | 2019/2020 Medium Term Revenue & Expenditure Framework | | |
| | ORIGINAL BUDGET | MID-TERM ADJUSTED BUDGET | FINAL ANNUAL BUDGET 2019/20 | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
| DESCRIPTIONS | R | R | R | R | R |
| OPERATING EXPENDITURE | | | | | |
| TOTAL EMPLOYEES RELATED COST | 281,596,380 | 251,392,867 | 287,794,163 | 286,559,467 | 284,352,217 |
| TOTAL INTEREST EXPENSE - EXTERNAL | 808,111 | 808,111 | 500,000 | 527,000 | 555,458 |
| TOTAL DEPRECIATION | 70,000,000 | 90,000,000 | 90,000,000 | 95,000,000 | 100,000,000 |
| TOTAL REPAIRS & MAINTENANCE | 51,888,949 | 58,679,945 | 54,610,312 | 57,561,289 | 60,669,599 |
| TOTAL GRANTS AND SUBSIDIES PAID | 20,000,000 | 20,000,000 | 20,000,000 | 21,080,000 | 22,218,320 |
| TOTAL BULK PURCHASE | 6,000,000 | 6,000,000 | 6,000,000 | 6,324,000 | 6,665,496 |
| TOTAL LOSS ON DISPOSAL OF PPE | - | - | - | - | - |
| TOTAL GENERAL EXPENSES | 179,688,941 | 203,622,071 | 242,515,504 | 246,074,635 | 259,406,006 |
| TOTAL CONTR TO/FROM PROVISIONS | 25,500,000 | 25,500,000 | 30,000,000 | 31,620,000 | 33,327,480 |
| TOTAL OPERATING EXPENDITURE | 635,482,381 | 656,002,994 | 731,419,979 | 744,746,392 | 767,194,576 |
| OPERATING (SURPLUS) / DEFICIT | 635,482,381 | 656,002,994 | 731,419,979 | 744,746,392 | 767,194,576 |
| CAPITAL PROJECTS | 566,304,000 | 547,951,918 | 579,459,350 | 600,969,719 | 680,914,566 |
| TOTAL EXPENDITURE | 1,201,786,381 | 1,203,954,912 | 1,310,879,329 | 1,345,716,111 | 1,448,109,141 |
| TOTAL BUDGET (SURPLUS) /DEFICIT | (7,213,285) | (5,052,749) | (8,342,678) | (36,379,863) | (70,347,157) |

Total operating expenditure for the 2019/20 financial year has been appropriated at 731 million and translates into a percentage increase of 8 per cent from 2018/19 adjusted budget. Operating expenditure continues to increase in the outer year during 2020/21 and 2021/22. This has been increased by the CPI as stated in MFMA Circular 94. An operating surplus of R8m, R36 million and R70m has been budgeted for over the MTREF.

As much as the municipality experiences pressures from key departments and a spiraling growth in personnel costs coupled with necessary provisions to be made in lieu of depreciation and repairs and maintenance, year on year growth in the district municipality's budget over the MTREF is less than 10%.

The capital budget of R579 million for 2019/20 has increased by 5% from the 2018/19 Adjustment Budget apart from the fact that the Municipal Infrastructure Grant has been reduced by R20m by the National Treasury during the mid-term. This increase is mainly caused by the increase in the DORA allocation for funding, specifically the MIG and RBIG.

The municipality is still over committed required financial resources to finance its capital projects. In an attempt to fastrack service delivery, the municipality had attempted to obtain a DBSA loan which was not approved due to over commitment and depleted reserves. This then remains a challenge as the municipality still needs to finance these projects. This is evident with the commitments register that is over a billion rand. Furthermore, the water projects that are registered with MIG are over R3billion. The municipal council and senior managers need to continue to be "grant chasers" in order to fund these projects. This also includes establishing external partnerships in order to fast track service delivery.

The capital program increased to R 600 million in the 2020/21 financial year and again increases to R680 million during 2021/22. Also, a portion of the capital budget will be funded from revenue generating projects including implementation of revenue enhancement strategy as well as Equitable Share. In terms of GRAP format Capital Grants receivable are included in the Operating Budget. Capital Expenditure is not included in Operating Budget. Also in terms of mSCOA, operational costs for the implementation of that project are budgeted under that project whether capital or operational.

Operating expenditure is the day to day management items of the Municipality, i.e.: Salaries and Wages, Repairs and Maintenance, Debt Servicing, Depreciation on Assets, Insurance, Electricity, Telephone, Subsistence and Travelling Allowances, Fuel and Oil etc. The total budget amounts to R731 419 979. Also the Council of Alfred Nzo District Municipality has approved the Cost Cutting Measures as part of adhering to Circular 82 – Cost Containment Measures issued by National Treasury as well as Cost Containment Regulations as published by Government Gazette No.16022018, as a result items like catering, Subsistence and Travelling and Conference fees have been reduced drastically.

Table 1 hereunder summarizes the budget per department. Senior Managers have a responsibility to manage their own budgets in consultation with the Chairpersons of the Standing Committees and the Standing Committees where necessary. Allocations per line item are done by the departments themselves, as long as they don't exceed the amounts allocated per Table.

1. Table 1 which is Consolidated Overview of the 2019/20 Medium Term Revenue Expenditure Forecast.

| ITEM NAME | ACC. TYPE | ORIGINAL BUDGET | MID-TERM ADJUSTMENTS BUDGET | DRAFT ANNUAL BUDGET 2019 - 2020 |
|-----------------------|-----------|----------------------|-----------------------------|---------------------------------|
| EXECUTIVE & COUNCIL | | 12,633,058 | 14,745,113 | 23,776,746 |
| SPEAKER | | 2,880,000 | 2,880,000 | 2,310,000 |
| CHIEF WHIP | | 425,000 | 425,000 | 485,000 |
| MUNICIPAL MANAGER | | 56,262,855 | 52,579,129 | 73,673,011 |
| SPECIAL PROGRAMS UNIT | | 4,450,000 | 4,444,980 | 4,048,000 |
| PLANNING & LED | | 36,998,510 | 35,627,554 | 63,665,441 |
| BTO | | 181,587,261 | 206,952,065 | 216,739,185 |
| IDMS | | 757,566,280 | 721,587,732 | 747,412,056 |
| COMMUNITY SERVICES | | 78,518,303 | 70,250,059 | 75,222,293 |
| CORPORATE SERVICES | | 70,450,114 | 94,463,280 | 103,547,596 |
| TOTAL BUDGET | | 1,201,771,381 | 1,203,954,912 | 1,310,879,329 |

mSCOA Implementation:

The municipality opted for an early adoption of mScoa in 2015/16 financial year in preparation for the budget implementation and this has been achieved through the acquisition of mSCOA compliant consolidated financial management system (Munsoft) which is already in full operation by the municipality.

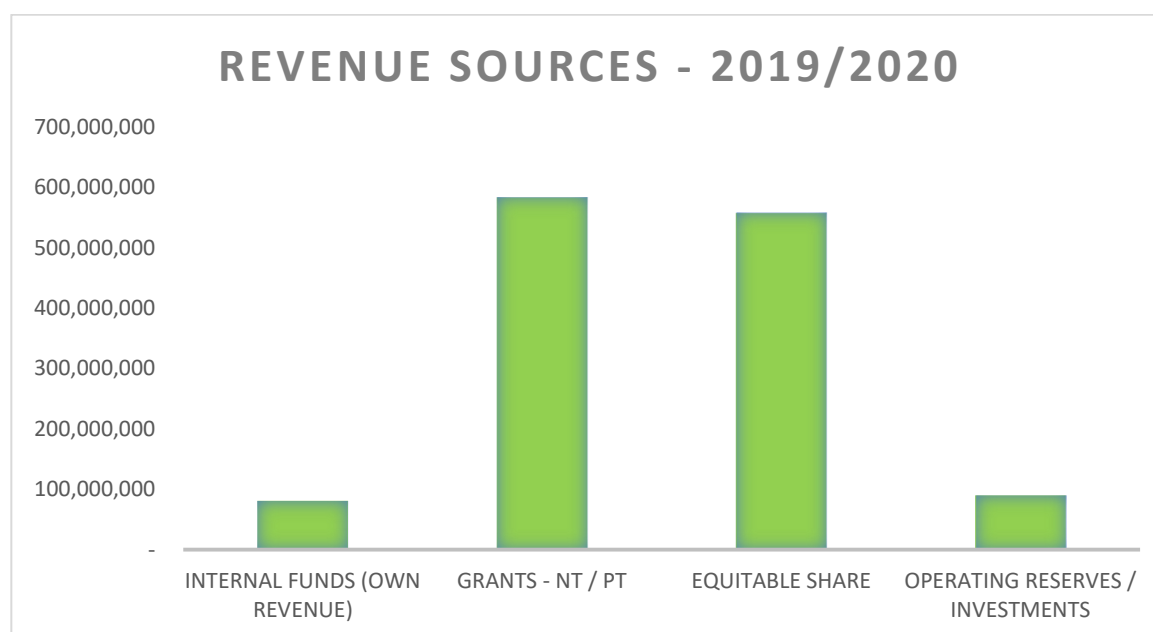
The 2015/16 – 2021/22 MTREF budget preparation have been prepared according to the new requirements of mSCOA regulations. The municipality has been in compliance with all the versions of mSCOA as introduced by National Treasury. The draft IDP and budget have been submitted to National Treasury on the mSCOA format of seven segments. The final budget will also be submitted to National Treasury on mSCOA format as well.

3. Operating Revenue Framework

Table 2 Summary of revenue classified by main revenue source

| REVENUE SOURCES - 2019 / 2020 | | |
|----------------------------------|----------------------|----------------|
| DESCRIPTION | AMOUNT | % |
| INTERNAL FUNDS (OWN REVENUE) | 89,629,007 | 6.79% |
| GRANTS - NT / PT | 582,873,000 | 44.18% |
| EQUITABLE SHARE | 556,720,000 | 42.20% |
| OPERATING RESERVES / INVESTMENTS | 90,000,000 | 6.82% |
| TOTAL OPERATING REVENUE | 1,319,222,007 | 100.00% |

REVENUE SOURCES IN TERMS OF GRAPH



Implementing a revenue enhancement turnaround strategy is the only plan to be implemented to achieve better revenue outcomes, by critically reviewing the current revenue management business models and processes being applied within the Alfred Nzo District Municipality.

To effectively deal with the current challenges, ANDM must plan and implement effective and integrated revenue enhancement strategies. To improve on the current business model it is important to identify all the critical elements that currently affect municipal revenue performance.

This review process will provide a sound platform for effective planning. The need for an integrated approach should not be taken lightly. Isolated projects that focus on symptoms like debt and access to services, rather than root cause further compound the current crisis.

For the district municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the district municipality and continued economic development;
- Efficient revenue management, which aims to ensure approximately 60 per cent of annual collection rate for key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services (water and sanitation);
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- Increase ability to extend new services and recover costs;

3.1 Conventional Water Meter & Prepaid Water Meter Maintenance

To ensure that the prepaid water meters installed are maintained and kept in working order, the maintenance of these meters is critical, in future we expect to see an increase in water meter maintenance. The maintenance process required that the correct procedures are followed to ensure that should the Auditor General (AG) require any information, all will be available. These procedures included: - Logging on the maintenance issue, issuing of a Works Order, recording the action taken by the visiting plumbers, this could include: Possible materials used; the labelling and storage of each meter being removed; recording of the prepaid meter number replaced; completion of the warranty form if required, register GPS Coordinates; register Time and Date of action, pairing of User Interface units of consumers.

DC44 Alfred Nzo - Table A1 Consolidated Budget Summary

| Description | 2015/16 | 2016/17 | 2017/18 | Current Year 2018/19 | | | | 2019/20 Medium Term Revenue & Expenditure Framework | | |
|--|------------------|------------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2019/20 | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
| R thousands | | | | | | | | | | |
| Financial Performance | | | | | | | | | | |
| Property rates | – | – | – | – | – | – | – | – | – | – |
| Service charges | 25,668 | 14,746 | 35,698 | 39,172 | 39,174 | 39,174 | 39,174 | 57,142 | 60,228 | 63,480 |
| Investment revenue | 11,871 | 17,978 | 25,365 | 17,079 | 17,079 | 17,079 | 17,079 | 29,700 | 31,304 | 32,994 |
| Transfers recognised - operational | 480,062 | 413,439 | 469,574 | 536,743 | 534,453 | 534,453 | 534,453 | 579,159 | 611,710 | 659,107 |
| Other own revenue | 5,392 | 2,989 | 10,196 | 71,092 | 91,098 | 91,098 | 91,098 | 92,787 | 97,937 | 103,096 |
| Total Revenue (excluding capital transfers and contributions) | 522,994 | 449,151 | 540,833 | 664,086 | 681,804 | 681,804 | 681,804 | 758,788 | 801,179 | 858,677 |
| Employee costs | 198,473 | 230,624 | 236,934 | 271,303 | 237,275 | 237,275 | 237,275 | 273,958 | 271,976 | 268,982 |
| Remuneration of councillors | 8,688 | 8,805 | 9,803 | 10,293 | 12,305 | 12,305 | 12,305 | 11,713 | 12,345 | 13,012 |
| Depreciation & asset impairment | 58,862 | 66,514 | 73,449 | 70,000 | 90,000 | 90,000 | 90,000 | 90,000 | 95,000 | 100,000 |
| Finance charges | 6,529 | 2,520 | 1,744 | 808 | 808 | 808 | 808 | 500 | 527 | 555 |
| Materials and bulk purchases | 48,215 | 76,721 | 41,405 | 57,889 | 18,709 | 18,709 | 18,709 | 18,967 | 19,992 | 21,072 |
| Transfers and grants | 43,906 | 84,708 | 375 | 20,000 | 21,000 | 21,000 | 21,000 | 21,500 | 22,661 | 23,885 |
| Other expenditure | 190,742 | 204,672 | 141,533 | 205,189 | 275,906 | 275,906 | 275,906 | 314,782 | 322,245 | 339,689 |
| Total Expenditure | 555,416 | 674,564 | 505,243 | 635,482 | 656,003 | 656,003 | 656,003 | 731,420 | 744,746 | 767,195 |
| Surplus/(Deficit) | (32,422) | (225,413) | 35,590 | 28,603 | 25,801 | 25,801 | 25,801 | 27,368 | 56,433 | 91,483 |
| Transfers and subsidies - capital (monetary allocations) (Na | 422,206 | 545,966 | 560,273 | 544,914 | 527,204 | 527,204 | 527,204 | 560,434 | 580,917 | 659,779 |
| Contributions recognised - capital & contributed assets | – | – | – | – | – | – | – | – | – | – |
| Surplus/(Deficit) after capital transfers & contributions | 389,785 | 320,553 | 595,863 | 573,517 | 553,005 | 553,005 | 553,005 | 587,802 | 637,350 | 751,262 |
| Share of surplus/ (deficit) of associate | – | – | – | – | – | – | – | – | – | – |
| Surplus/(Deficit) for the year | 389,785 | 320,553 | 595,863 | 573,517 | 553,005 | 553,005 | 553,005 | 587,802 | 637,350 | 751,262 |
| Capital expenditure & funds sources | | | | | | | | | | |
| Capital expenditure | 488,088 | 433,316 | 488,789 | 566,304 | 547,952 | 547,952 | 547,952 | 579,459 | 600,970 | 680,915 |
| Transfers recognised - capital | 488,088 | 433,316 | 488,789 | 566,304 | 547,952 | 547,952 | 547,952 | 525,284 | 543,868 | 620,730 |
| Borrowing | – | – | – | – | – | – | – | – | – | – |
| Internally generated funds | – | – | – | – | – | – | – | 54,176 | 57,101 | 60,185 |
| Total sources of capital funds | 488,088 | 433,316 | 488,789 | 566,304 | 547,952 | 547,952 | 547,952 | 579,459 | 600,970 | 680,915 |
| Financial position | | | | | | | | | | |
| Total current assets | 66,313 | 57,554 | 179,505 | 70,526 | 5,053 | 15,573,723 | 584,172 | 8,343 | 36,380 | 70,347 |
| Total non current assets | 2,851,896 | 3,187,311 | 3,599,005 | 4,129,265 | 547,952 | 69,840,948 | 3,824,148 | 579,459 | 600,970 | 680,915 |
| Total current liabilities | 171,336 | 194,878 | 132,421 | 189,247 | – | – | – | – | – | – |
| Total non current liabilities | 22,159 | 13,495 | 13,330 | – | – | – | – | – | – | – |
| Community wealth/Equity | 2,724,714 | 3,036,491 | 3,632,759 | 4,010,544 | 553,005 | 76,853,451 | 4,186,923 | 587,802 | 637,350 | 751,262 |
| Cash flows | | | | | | | | | | |
| Net cash from (used) operating | 1,431,741 | 391,072 | 563,339 | 669,017 | 643,005 | 643,005 | 643,005 | 658,759 | 712,279 | 830,107 |
| Net cash from (used) investing | (467,003) | (407,354) | (477,757) | (566,304) | (547,952) | (547,952) | (547,952) | (579,459) | (600,970) | (680,915) |
| Net cash from (used) financing | 9,377 | (10,453) | (662) | – | – | – | – | – | – | – |
| Cash/cash equivalents at the year end | 1,047,936 | 10,519 | 95,439 | 139,083 | 137,124 | 137,124 | 137,124 | 174,680 | 285,989 | 435,181 |
| Cash backing/surplus reconciliation | | | | | | | | | | |
| Cash and investments available | 36,369 | 10,519 | 95,380 | 36,369 | 5,053 | 12,887,495 | 417,235 | (10,700) | 16,309 | 49,192 |
| Application of cash and investments | 153,604 | 156,938 | 101,885 | 150,495 | – | (2,496,108) | (157,588) | (16,624) | (17,524) | (18,468) |
| Balance - surplus (shortfall) | (117,235) | (146,419) | (6,505) | (114,126) | 5,053 | 15,383,603 | 574,823 | 5,924 | 33,833 | 67,660 |
| Asset management | | | | | | | | | | |
| Asset register summary (WDV) | 2,873,479 | 3,180,451 | 3,591,686 | 3,398,545 | – | – | – | – | – | – |
| Depreciation | 58,862 | 66,514 | 73,449 | 70,000 | 90,000 | – | – | 90,000 | 95,000 | 100,000 |
| Renewal and Upgrading of Existing Assets | – | – | – | – | 224,596 | – | – | 196,876 | 203,766 | 217,772 |
| Repairs and Maintenance | – | – | – | 48,200 | 58,580 | – | – | 54,270 | 57,202 | 60,291 |
| Free services | | | | | | | | | | |
| Cost of Free Basic Services provided | – | – | – | – | – | – | – | – | – | – |
| Revenue cost of free services provided | – | – | – | – | – | – | – | – | – | – |
| Households below minimum service level | | | | | | | | | | |
| Water: | – | 24 | – | 224 | 228 | 228 | – | – | – | – |
| Sanitation/sewerage: | – | 28 | – | – | – | – | – | – | – | – |
| Energy: | – | – | – | – | – | – | – | – | – | – |
| Refuse: | – | – | – | – | – | – | – | – | – | – |

Only revenue generated from water and sanitation service charges forms a significant percentage of own generated revenue. Such revenue totals R92 million. The district municipality is intending to perform a water meter audit during the 19/20 and 2020/2021 financial years. Linked to this project is a data cleansing project. The meter audit will be performed so as to identify all faulty meters to either fix or replace them for all consumers who do not have functioning water meters.

Likewise with all other rural district municipalities, our District municipality significantly relies on grants to finance both its operations and capital expenditure without which it could cease to exist. The implementation of revenue enhancement strategy is imperative in ensuring increase in ANDM's internal revenue.

Operating grants and transfers totals R579 million in the 2019/2020.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 3 Operating Transfers and Grant Receipts

| | | | BUDGET YR.1 | BUDGET YR.2 | BUDGET YR.3 |
|--|-----------------------------|---|---|--------------------------|---------------------------|
| | | | 2019/20 Medium Term Revenue & Expenditure Framework | | |
| DESCRIPTION | ORIGINAL BUDGET – 2018/2019 | MID-TERM ADJUSTMENTS BUDGET – 2018/2019 | FINAL ANNUAL BUDGET 2019 - 2020 | Budget Year +1 2020/21 | Budget Year +1 2021/22 |
| Equitable Share (14000/14001) | - 510,344,000.00 | - 510,344,000.00 | - 556,720,000.00 | - 597,920,000.00 | - 643,853,000.00 |
| FMG. (14000/16100) | - 1,865,000.00 | - 1,865,000.00 | - 1,865,000.00 | - 1,790,000.00 | - 2,054,000.00 |
| EPWP (14000/16108) | - 10,844,000.00 | - 10,844,000.00 | - 9,174,000.00 | - | - |
| MIG. (14000/16111) | - 367,914,000.00 | - 347,914,000.00 | - 376,009,000.00 | - 398,401,000.00 | - 430,616,000.00 |
| Regional Bulk Infrastructure Grant (14000/16113) | - 67,000,000.00 | - 67,000,000.00 | - 91,999,000.00 | - 85,000,000.00 | - 85,743,000.00 |
| WSIG (14000/16122) | - 110,000,000.00 | - 110,000,000.00 | - 90,000,000.00 | - 94,950,000.00 | - 140,713,000.00 |
| Infrastructure Skills Development Grant. (14000/16128) | - 5,400,000.00 | - 5,400,000.00 | - 5,400,000.00 | - 6,000,000.00 | - 6,200,000.00 |
| Energy Efficient Demand Side Management (14000/16136) | - 6,000,000.00 | - 6,000,000.00 | - 6,000,000.00 | - 6,000,000.00 | - 7,000,000.00 |
| Rural Road Asset Management Grant (14000/16115) | - 2,290,000.00 | - 2,290,000.00 | - 2,426,000.00 | - 2,566,000.00 | - 2,707,000.00 |
| TOTAL GRANTS | - 1,081,657,000.00 | - 1,061,657,000.00 | - 1,139,593,000.00 | -1,192,627,000.00 | - 1,318,886,000.00 |

4. Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition, National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective. As a district municipality, plans are that once the water meter audit exercise is completed as well as installation of water meters, a tariff determination exercise will be performed for full implementation during the 2019/20 financial year.

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

A tariff increase of 6 per cent from 1 July 2019 for water is proposed. This is based primarily on the CPI inflation rate of 6 per cent as projected by the National Treasury. In addition once credible systems are put in place it is expected that 6 kℓ water per 30-day period will again be granted free of charge to all qualifying residents.

4. Sanitation and Impact of Tariff Increases

A tariff increase of 6 per cent for sanitation from 1 July 2019 is also proposed. This is based on the input cost assumptions related to water. The proposed tariff increases remain the same as those proposed in the current year. Due to prevailing economic conditions, increasing these beyond the current inflation rate would impact negatively on consumer's ability to service their debts.

5. Operating Expenditure Framework

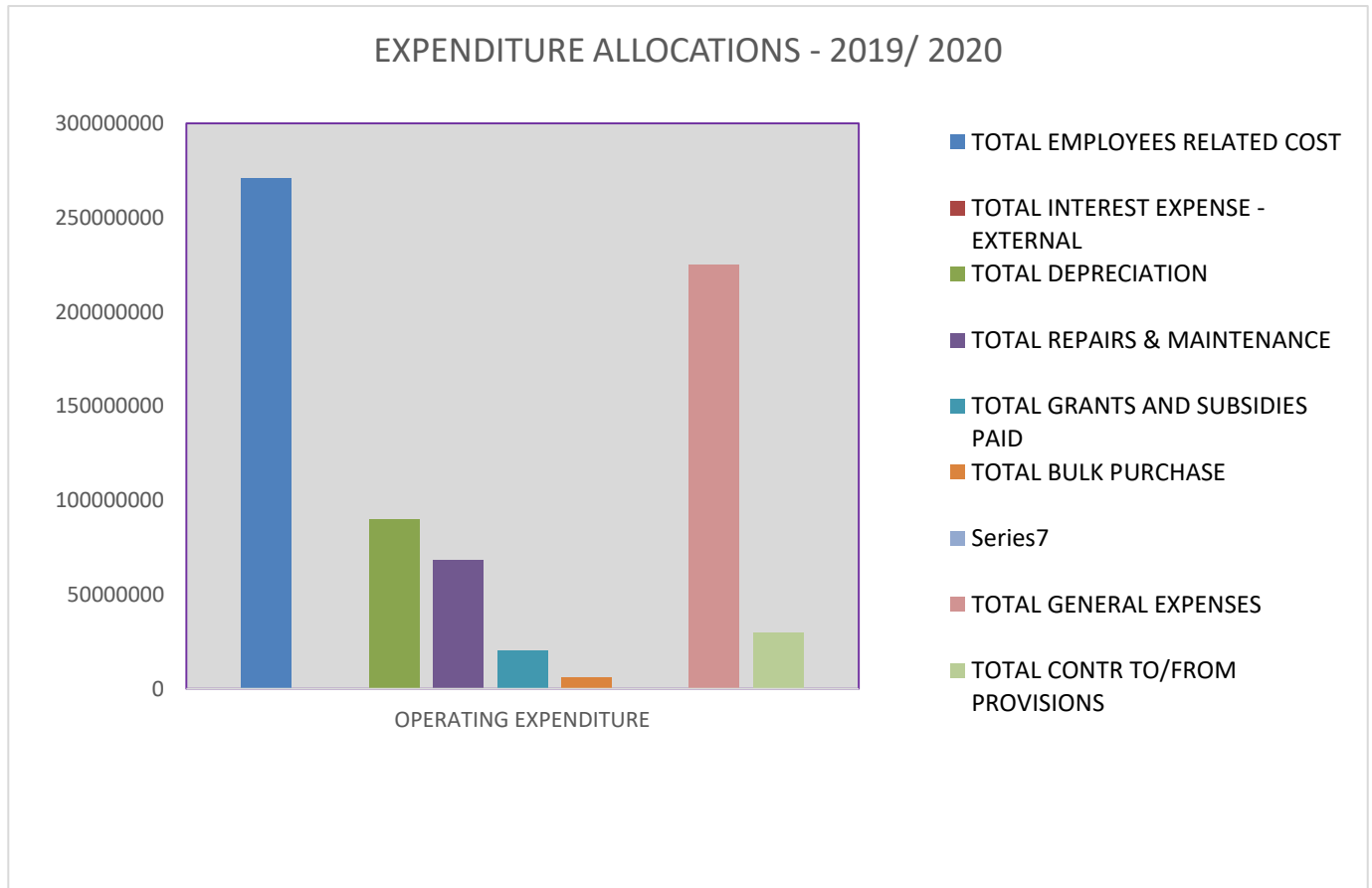
The District Municipality's expenditure framework for the 2019/20 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Ensuring that the district municipality implements the back to basics exercise so as to reduce non-priority spending.

The following table is a high level summary of the 2019/20 budget and MTREF (classified per main type of operating expenditure)

DC44 Alfred Nzo - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

| D044 Allied NZ0 - Table A4 Consolidated Budgeted Financial Performance (Revenue and expenditure) | | | | | | | | | | | |
|---|------|-----------------|------------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| Description | Ref | 2015/16 | 2016/17 | 2017/18 | Current Year 2018/19 | | | | 2019/20 Medium Term Revenue & Expenditure Framework | | |
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2019/20 | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
| R thousand | 1 | | | | | | | | | | |
| Revenue By Source | | | | | | | | | | | |
| Property rates | 2 | - | - | - | - | - | - | - | - | - | - |
| Service charges - electricity revenue | 2 | - | - | - | - | - | - | - | - | - | - |
| Service charges - water revenue | 2 | 23,156 | 12,524 | 35,698 | 35,001 | 35,001 | 35,001 | 35,001 | 51,725 | 54,518 | 57,462 |
| Service charges - sanitation revenue | 2 | 2,512 | 2,222 | - | 4,171 | 4,173 | 4,173 | 4,173 | 5,418 | 5,710 | 6,019 |
| Service charges - refuse revenue | 2 | - | - | - | - | - | - | - | - | - | - |
| Rental of facilities and equipment | | 234 | 532 | 429 | 440 | 440 | 440 | 440 | 586 | 618 | 651 |
| Interest earned - external investments | | 11,871 | 17,978 | 25,365 | 17,079 | 17,079 | 17,079 | 17,079 | 29,700 | 31,304 | 32,994 |
| Interest earned - outstanding debtors | | - | - | - | - | - | - | - | - | - | - |
| Dividends received | | - | - | - | - | - | - | - | - | - | - |
| Fines, penalties and forfeits | | - | - | - | - | - | - | - | - | - | - |
| Licences and permits | | - | - | - | - | - | - | - | - | - | - |
| Agency services | | 20 | 26 | 174 | - | - | - | - | - | - | - |
| Transfers and subsidies | | 480,062 | 413,439 | 469,574 | 536,743 | 534,453 | 534,453 | 534,453 | 579,159 | 611,710 | 659,107 |
| Other revenue | 2 | 5,138 | 2,207 | 9,594 | 70,653 | 90,659 | 90,659 | 90,659 | 92,201 | 97,319 | 102,445 |
| Gains on disposal of PPE | | - | 224 | - | - | - | - | - | - | - | - |
| Total Revenue (excluding capital transfers and contributions) | | 522,994 | 449,151 | 540,833 | 664,086 | 681,804 | 681,804 | 681,804 | 758,788 | 801,179 | 858,677 |
| Expenditure By Type | | | | | | | | | | | |
| Employee related costs | 2 | 198,473 | 230,624 | 236,934 | 271,303 | 237,275 | 237,275 | 237,275 | 273,958 | 271,976 | 268,982 |
| Remuneration of councillors | | 8,688 | 8,805 | 9,803 | 10,293 | 12,305 | 12,305 | 12,305 | 11,713 | 12,345 | 13,012 |
| Debt impairment | 3 | 22,129 | 6,087 | 244 | 25,500 | 25,500 | 25,500 | 25,500 | 30,000 | 31,620 | 33,327 |
| Depreciation & asset impairment | 2 | 58,862 | 66,514 | 73,449 | 70,000 | 90,000 | 90,000 | 90,000 | 90,000 | 95,000 | 100,000 |
| Finance charges | | 6,529 | 2,520 | 1,744 | 808 | 808 | 808 | 808 | 500 | 527 | 555 |
| Bulk purchases | 2 | 5,350 | 6,480 | 7,966 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,324 | 6,665 |
| Other materials | 8 | 42,865 | 70,241 | 33,439 | 51,889 | 12,709 | 12,709 | 12,709 | 12,967 | 13,668 | 14,406 |
| Contracted services | | 31,034 | 49,546 | 44,046 | 108,547 | 250,406 | 250,406 | 250,406 | 205,466 | 208,052 | 219,223 |
| Transfers and subsidies | | 43,906 | 84,708 | 375 | 20,000 | 21,000 | 21,000 | 21,000 | 21,500 | 22,661 | 23,885 |
| Other expenditure | 4, 5 | 133,172 | 147,922 | 93,668 | 71,142 | - | - | - | 79,315 | 82,573 | 87,139 |
| Loss on disposal of PPE | | 4,408 | 1,117 | 3,575 | - | - | - | - | - | - | - |
| Total Expenditure | | 555,416 | 674,564 | 505,243 | 635,482 | 656,003 | 656,003 | 656,003 | 731,420 | 744,746 | 767,195 |
| Surplus/(Deficit) | | (32,422) | (225,413) | 35,590 | 28,603 | 25,801 | 25,801 | 25,801 | 27,368 | 56,433 | 91,483 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | | 422,206 | 545,966 | 560,273 | 544,914 | 527,204 | 527,204 | 527,204 | 560,434 | 580,917 | 659,779 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatbns, Higher Educational Institutions) | 6 | - | - | - | - | - | - | - | - | - | - |
| Transfers and subsidies - capital (in-kind - all) | | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | | 389,785 | 320,553 | 595,863 | 573,517 | 553,005 | 553,005 | 553,005 | 587,802 | 637,350 | 751,262 |
| Taxation | | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after taxation | | 389,785 | 320,553 | 595,863 | 573,517 | 553,005 | 553,005 | 553,005 | 587,802 | 637,350 | 751,262 |
| Attributable to minorities | | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) attributable to municipality | | 389,785 | 320,553 | 595,863 | 573,517 | 553,005 | 553,005 | 553,005 | 587,802 | 637,350 | 751,262 |
| Share of surplus/ (deficit) of associate | 7 | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) for the year | | 389,785 | 320,553 | 595,863 | 573,517 | 553,005 | 553,005 | 553,005 | 587,802 | 637,350 | 751,262 |



The budgeted allocation for employee related costs for the 2019/20 financial year totals R287million and Councillors remuneration totals to R11.7million, which equals 39 per cent of the total operating expenditure. Salary increases have been factored into this budget at a percentage increase of 6.5 per cent for the 2019/20 financial year as per SALGA Bargaining Council Circular No.35. An annual increase of 5.4 per cent has been included in the two outer years of the MTREF (CPI plus 1%). As part of the District Municipalities cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards.

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the district municipality's budget and a provision of 6.5 percent has accordingly been made to cushion such costs.

A significant provision has been made in lieu of depreciation expense (R90 million – 2019/20, R95 million – 2020/21 and R100 million – 2021/22 respectively). This is in line with the continued capital infrastructure program being implemented by the district municipality on an annual basis. Depreciation is widely considered a proxy for the

measurement of the rate of asset consumption. It must also be noted that the implementation of GRAP 17 accounting standard has meant bringing a range of assets

previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

The district municipality has made a provision of R54 million in the 2019/20 budget for repairs and maintenance. This is slightly less than the National Treasury's requirement of 8% of the total operating cost, provision to be made from the Total Property, Plant and Equipment (PPE) in line with MFMA circular number 55. This is however a slight increase of R4 million from the provision made in the mid-term adjustment budget (R58 million) vs original budget.

As part of the review of the local government infrastructure grant framework, National Treasury has announced in the 2016 Division of Revenue Bill that the rules in the municipal infrastructure grant (MIG) framework will be amended to allow funds to be used to refurbish and replace infrastructure in the future. This will assist municipalities in the long-run as they do not have sufficient funding to make such provisions from their own budgets.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Such has been budgeted at R500 000.

Bulk purchases are directly informed by the purchase of water from the Department of Water Affairs (DWA). The total provision made in lieu of bulk water purchases during 2019/20 is R6 million.

6. Capital expenditure

Table 5 Summary of Capital Expenditure Municipal Vote

DC44 Alfred Nzo - Table A5 Consolidated Budgeted Capital Expenditure by vote, functional classification and funding

| Vote Description | Ref | 2015/16 | 2016/17 | 2017/18 | Current Year 2018/19 | | | | 2019/20 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2019/20 | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
| Single-year expenditure to be appropriated | 2 | | | | | | | | | | |
| Vote 1 - Executive and Council | | – | – | – | 106 | 300 | 300 | 300 | 2,576 | 2,724 | 2,707 |
| Vote 2 - Planning and Development | | – | – | – | 450 | 210 | 210 | 210 | – | – | – |
| Vote 3 - Budget and Treasury | | 16,930 | 433,316 | – | 17,100 | 15,439 | 15,439 | 15,439 | 3,550 | 3,742 | 3,944 |
| Vote 4 - Technical Service | | 464,608 | – | 488,476 | 540,448 | 520,558 | 520,558 | 520,558 | 562,858 | 583,462 | 662,459 |
| Vote 5 - Community | | 6,550 | – | – | 2,950 | 5,374 | 5,374 | 5,374 | 2,801 | 2,952 | 3,278 |
| Vote 6 - Corporate Services | | – | – | 313 | 5,580 | 5,380 | 5,380 | 5,380 | 7,575 | 7,984 | 8,415 |
| Capital single-year expenditure sub-total | | 488,088 | 433,316 | 488,789 | 566,634 | 547,261 | 547,261 | 547,261 | 579,359 | 600,864 | 680,803 |
| Total Capital Expenditure - Vote | | 488,088 | 433,316 | 488,789 | 566,634 | 547,261 | 547,261 | 547,261 | 579,359 | 600,864 | 680,803 |
| Capital Expenditure - Functional | | | | | | | | | | | |
| Governance and administration | | 16,930 | 433,316 | 313 | 22,786 | 21,575 | 21,575 | 21,575 | 13,701 | 14,450 | 15,233 |
| Executive and council | | – | – | – | 106 | 406 | 406 | 406 | 2,426 | 2,566 | 2,707 |
| Finance and administration | | 16,930 | 433,316 | – | 17,100 | 21,169 | 21,169 | 21,169 | 11,275 | 11,884 | 12,526 |
| Internal audit | | – | – | 313 | 5,580 | – | – | – | – | – | – |
| Community and public safety | | 6,550 | – | – | 2,950 | 5,384 | 5,384 | 5,384 | 2,801 | 2,952 | 3,111 |
| Community and social services | | 6,550 | – | – | 450 | 260 | 260 | 260 | 2,801 | 2,952 | 3,111 |
| Sport and recreation | | – | – | – | – | – | – | – | – | – | – |
| Public safety | | – | – | – | 2,500 | 5,124 | 5,124 | 5,124 | – | – | – |
| Housing | | – | – | – | – | – | – | – | – | – | – |
| Health | | – | – | – | – | – | – | – | – | – | – |
| Economic and environmental services | | – | – | – | 120 | 2,725 | 2,725 | 2,725 | 100 | 105 | 111 |
| Planning and development | | – | – | – | 120 | 435 | 435 | 435 | 100 | 105 | 111 |
| Road transport | | – | – | – | – | 2,290 | 2,290 | 2,290 | – | – | – |
| Environmental protection | | – | – | – | – | – | – | – | – | – | – |
| Trading services | | 464,608 | – | 488,476 | 540,448 | 518,268 | 518,268 | 518,268 | 562,858 | 583,462 | 662,459 |
| Energy sources | | – | – | – | – | – | – | – | – | – | – |
| Water management | | 464,608 | – | 488,476 | 540,448 | 490,824 | 490,824 | 490,824 | 503,358 | 520,749 | 596,360 |
| Waste water management | | – | – | – | – | 27,444 | 27,444 | 27,444 | 59,500 | 62,713 | 66,100 |
| Waste management | | – | – | – | – | – | – | – | – | – | – |
| Other | | | | | | | | | | | |

| | | | | | | | | | | | |
|---|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | | - | - | - | - | - | - | - | - | - | - |
| Total Capital Expenditure - Functional | 3 | 488,088 | 433,316 | 488,789 | 566,304 | 547,952 | 547,952 | 547,952 | 579,459 | 600,970 | 680,915 |
| Funded by: | | | | | | | | | | | |
| National Government | | 488,088 | 433,316 | 488,789 | 566,304 | 497,367 | 497,367 | 497,367 | 525,284 | 543,868 | 620,730 |
| Provincial Government | | - | - | - | - | - | - | - | - | - | - |
| District Municipality | | - | - | - | - | 50,585 | 50,585 | 50,585 | - | - | - |
| Other transfers and grants | | - | - | - | - | - | - | - | - | - | - |
| Transfers recognised - capital | 4 | 488,088 | 433,316 | 488,789 | 566,304 | 547,952 | 547,952 | 547,952 | 525,284 | 543,868 | 620,730 |
| Borrowing | 6 | - | - | - | - | - | - | - | - | - | - |
| Internally generated funds | | - | - | - | - | - | - | - | 54,176 | 57,101 | 60,185 |
| Total Capital Funding | 7 | 488,088 | 433,316 | 488,789 | 566,304 | 547,952 | 547,952 | 547,952 | 579,459 | 600,970 | 680,915 |

For 2019/20 a total budget of R562 million has been appropriated for the development of infrastructure which equates to a 97 per cent of the total capital budget of ANDM included projects to be funded internally.

Whilst it makes sense to finance projects internally, consideration should be made to the extent of internal funds available to finance such projects.

7.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

7.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses will be provided in the draft budget. Attached is the provisional report.

| | | | | | | | | | | | | |
|--|----|--|-----------|-----------|---------|-------------|---------|------------|---------|-------------|---------|---------|
| Total Operating Revenue | | | 522,994 | 449,151 | 540,833 | 664,086 | 681,804 | 681,804 | 681,804 | 758,788 | 801,179 | 858,677 |
| Total Operating Expenditure | | | 555,416 | 674,564 | 505,243 | 635,482 | 656,003 | 656,003 | 656,003 | 731,420 | 744,746 | 767,195 |
| Operating Performance Surplus/(Deficit) | | | (32,422) | (225,413) | 35,590 | 28,603 | 25,801 | 25,801 | 25,801 | 27,368 | 56,433 | 91,483 |
| Cash and Cash Equivalents (30 June 2012) | | | | | | | | | | 174,680 | | |
| Revenue | | | | | | | | | | | | |
| % Increase in Total Operating Revenue | | | | (14.1%) | 20.4% | 22.8% | 2.7% | 0.0% | 0.0% | 11.3% | 5.6% | 7.2% |
| % Increase in Property Rates Revenue | | | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| % Increase in Electricity Revenue | | | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| % Increase in Property Rates & Services Charges | | | | (42.6%) | 142.1% | 9.7% | 0.0% | 0.0% | 0.0% | 45.9% | 5.4% | 5.4% |
| Expenditure | | | | | | | | | | | | |
| % Increase in Total Operating Expenditure | | | | 21.5% | (25.1%) | 25.8% | 3.2% | 0.0% | 0.0% | 11.5% | 1.8% | 3.0% |
| % Increase in Employee Costs | | | | 16.2% | 2.7% | 14.5% | (12.5%) | 0.0% | 0.0% | 15.5% | (0.7%) | (1.1%) |
| % Increase in Electricity Bulk Purchases | | | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Average Cost Per Budgeted Employee Position (Remuneration) | | | | 0 | 0 | 668234.7833 | | | | 674773.9064 | | |
| Average Cost Per Councillor (Remuneration) | | | | 0 | 0 | 214438.7083 | | | | 244015.5417 | | |
| R&M % of PPE | | | 0.0% | 0.0% | 0.0% | 1.2% | 10.7% | 0.0% | | 9.4% | 9.5% | 8.9% |
| Asset Renewal and R&M as a % of PPE | | | 0.0% | 0.0% | 0.0% | 1.0% | 0.0% | 0.0% | | 0.0% | 0.0% | 0.0% |
| Debt Impairment % of Total Billable Revenue | | | 86.2% | 41.3% | 0.7% | 65.1% | 65.1% | 65.1% | 65.1% | 52.5% | 52.5% | 52.5% |
| Capital Revenue | | | | | | | | | | | | |
| Internally Funded & Other (R'000) | | | - | - | - | - | - | - | - | 54,176 | 57,101 | 60,185 |
| Borrowing (R'000) | | | - | - | - | - | - | - | - | - | - | - |
| Grant Funding and Other (R'000) | | | 488,088 | 433,316 | 488,789 | 566,304 | 547,952 | 547,952 | 547,952 | 525,284 | 543,868 | 620,730 |
| Internally Generated funds % of Non Grant Funding | | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% | 100.0% | 100.0% |
| Borrowing % of Non Grant Funding | | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Grant Funding % of Total Funding | | | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 90.7% | 90.5% | 91.2% |
| Capital Expenditure | | | | | | | | | | | | |
| Total Capital Programme (R'000) | | | 488,088 | 433,316 | 488,789 | 566,304 | 547,952 | 547,952 | 547,952 | 579,459 | 600,970 | 680,915 |
| Asset Renewal | | | - | - | - | - | 224,596 | - | - | 196,876 | 203,766 | 217,772 |
| Asset Renewal % of Total Capital Expenditure | | | 0.0% | 0.0% | 0.0% | 0.0% | 41.0% | 0.0% | 0.0% | 34.0% | 33.9% | 32.0% |
| Cash | | | | | | | | | | | | |
| Cash Receipts % of Rate Payer & Other | | | 63.1% | 91.8% | 39.1% | 100.0% | 100.0% | 100.0% | 100.0% | 87.3% | 87.3% | 87.3% |
| Cash Coverage Ratio | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Borrowing | | | | | | | | | | | | |
| Credit Rating (2009/10) | | | | | | | | | | 0 | | |
| Capital Charges to Operating | | | (0.5%) | 1.9% | 0.5% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% |
| Borrowing Receipts % of Capital Expenditure | | | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Reserves | | | | | | | | | | | | |
| Surplus/(Deficit) | | | (117,235) | (146,419) | (6,505) | (114,126) | 5,053 | 15,383,603 | 574,823 | 5,924 | 33,833 | 67,660 |
| Free Services | | | | | | | | | | | | |
| Free Basic Services as a % of Equitable Share | | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | | 0.0% | 0.0% | 0.0% |
| Free Services as a % of Operating Revenue (excl operational transfers) | | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | | 0.0% | 0.0% | 0.0% |
| High Level Outcome of Funding Compliance | | | | | | | | | | | | |
| Total Operating Revenue | | | 522,994 | 449,151 | 540,833 | 664,086 | 681,804 | 681,804 | 681,804 | 758,788 | 801,179 | 858,677 |
| Total Operating Expenditure | | | 555,416 | 674,564 | 505,243 | 635,482 | 656,003 | 656,003 | 656,003 | 731,420 | 744,746 | 767,195 |
| Surplus/(Deficit) Budgeted Operating Statement | | | (32,422) | (225,413) | 35,590 | 28,603 | 25,801 | 25,801 | 25,801 | 27,368 | 56,433 | 91,483 |
| Surplus/(Deficit) Considering Reserves and Cash Backing | | | (117,235) | (146,419) | (6,505) | (114,126) | 5,053 | 15,383,603 | 574,823 | 5,924 | 33,833 | 67,660 |
| MTREF Funded (1) / Unfunded (0) | 15 | | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1 |
| MTREF Funded ✓ / Unfunded ✗ | 15 | | ✗ | ✗ | ✗ | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

7.3 Monthly average payments covered by cash or cash equivalents/ Cash flow Statement

DC44 Alfred Nzo - Supporting Table SA30 Consolidated budgeted monthly cash flow

| MONTHLY CASH FLOWS | Budget Year 2019/20 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---|------------------------|------------------------|
| | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2019/20 | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
| <u>Cash Receipts By Source</u> | | | | | | | | | | | | | | | |
| Property rates | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Service charges - electricity revenue | (1,587) | (1,587) | (1,587) | (1,587) | (1,587) | (1,587) | (1,587) | (1,587) | (1,587) | (1,587) | (1,587) | (1,587) | (19,043) | (20,071) | (21,155) |
| Service charges - water revenue | 4,310 | 4,310 | 4,310 | 4,310 | 4,310 | 4,310 | 4,310 | 4,310 | 4,310 | 4,310 | 4,310 | 4,310 | 51,725 | 54,518 | 57,462 |
| Service charges - sanitation revenue | 451 | 451 | 451 | 451 | 451 | 451 | 451 | 451 | 451 | 451 | 451 | 451 | 5,418 | 5,710 | 6,019 |
| Service charges - refuse revenue | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Rental of facilities and equipment | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 586 | 618 | 651 |
| Interest earned - external investments | 2,475 | 2,475 | 2,475 | 2,475 | 2,475 | 2,475 | 2,475 | 2,475 | 2,475 | 2,475 | 2,475 | 2,475 | 29,700 | 31,304 | 32,994 |
| Transfer receipts - operational | 48,263 | 48,263 | 48,263 | 48,263 | 48,263 | 48,263 | 48,263 | 48,263 | 48,263 | 48,263 | 48,263 | 48,263 | 579,159 | 611,710 | 659,107 |
| Other revenue | 7,683 | 7,683 | 7,683 | 7,683 | 7,683 | 7,683 | 7,683 | 7,683 | 7,683 | 7,683 | 7,683 | 7,683 | 92,201 | 97,319 | 102,445 |
| Cash Receipts by Source | 61,645 | 61,645 | 61,645 | 61,645 | 61,645 | 61,645 | 61,645 | 61,645 | 61,645 | 61,645 | 61,645 | 61,645 | 739,745 | 781,108 | 837,523 |
| <u>Other Cash Flows by Source</u> | | | | | | | | | | | | | | | |
| Transfer receipts - capital | 46,703 | 46,703 | 46,703 | 46,703 | 46,703 | 46,703 | 46,703 | 46,703 | 46,703 | 46,703 | 46,703 | 46,703 | 560,434 | 580,917 | 659,779 |
| Decrease (increase) other non-current receivables | (8) | (8) | (8) | (8) | (8) | (8) | (8) | (8) | (8) | (8) | (8) | (8) | (100) | (105) | (111) |
| Decrease (increase) in non-current investments | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Total Cash Receipts by Source | 108,340 | 108,340 | 108,340 | 108,340 | 108,340 | 108,340 | 108,340 | 108,340 | 108,340 | 108,340 | 108,340 | 108,340 | 1,300,079 | 1,361,920 | 1,497,190 |
| <u>Cash Payments by Type</u> | | | | | | | | | | | | | | | |
| Employee related costs | 22,830 | 22,830 | 22,830 | 22,830 | 22,830 | 22,830 | 22,830 | 22,830 | 22,830 | 22,830 | 22,830 | 22,830 | 273,958 | 271,976 | 268,982 |
| Remuneration of councillors | 976 | 976 | 976 | 976 | 976 | 976 | 976 | 976 | 976 | 976 | 976 | 976 | 11,713 | 12,345 | 13,012 |
| Finance charges | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 500 | 527 | 555 |
| Bulk purchases - Electricity | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Bulk purchases - Water & Sewer | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 6,000 | 6,324 | 6,665 |

| | | | | | | | | | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|------------------|
| Other materials | 1,081 | 1,081 | 1,081 | 1,081 | 1,081 | 1,081 | 1,081 | 1,081 | 1,081 | 1,081 | 1,081 | 1,081 | 12,967 | 13,668 | 14,406 |
| Contracted services | 23,732 | 23,732 | 23,732 | 23,732 | 23,732 | 23,732 | 23,732 | 23,732 | 23,732 | 23,732 | 23,732 | 23,732 | 284,782 | 290,625 | 306,362 |
| Transfers and grants - other municipalities | 1,792 | 1,792 | 1,792 | 1,792 | 1,792 | 1,792 | 1,792 | 1,792 | 1,792 | 1,792 | 1,792 | 1,792 | 21,500 | 22,661 | 23,885 |
| Transfers and grants - other | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Other expenditure | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 30,000 | 31,620 | 33,327 |
| Cash Payments by Type | 53,452 | 53,452 | 53,452 | 53,452 | 53,452 | 53,452 | 53,452 | 53,452 | 53,452 | 53,452 | 53,452 | 53,452 | 641,420 | 649,746 | 667,195 |
| Other Cash Flows/Payments by Type | | | | | | | | | | | | | | | |
| Capital assets | 48,280 | 48,280 | 48,280 | 48,280 | 48,280 | 48,280 | 48,280 | 48,280 | 48,280 | 48,280 | 48,280 | 48,280 | 579,359 | 600,864 | 680,803 |
| Repayment of borrowing | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Other Cash Flows/Payments | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Total Cash Payments by Type | 101,732 | 101,732 | 101,732 | 101,732 | 101,732 | 101,732 | 101,732 | 101,732 | 101,732 | 101,732 | 101,732 | 101,732 | 1,220,779 | 1,250,611 | 1,347,998 |
| NET INCREASE/(DECREASE) IN CASH HELD | 6,608 | 6,608 | 6,608 | 6,608 | 6,608 | 6,608 | 6,608 | 6,608 | 6,608 | 6,608 | 6,608 | 6,608 | 79,300 | 111,309 | 149,192 |
| Cash/cash equivalents at the month/year begin: | 95,380 | 101,988 | 108,597 | 115,205 | 121,813 | 128,422 | 135,030 | 141,638 | 148,247 | 154,855 | 161,463 | 168,072 | 95,380 | 174,680 | 285,989 |
| Cash/cash equivalents at the month/year end: | 101,988 | 108,597 | 115,205 | 121,813 | 128,422 | 135,030 | 141,638 | 148,247 | 154,855 | 161,463 | 168,072 | 174,680 | 174,680 | 285,989 | 435,181 |

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. It is especially important to consider the position should the municipality be faced with an expected disaster that threatens revenue collection such as water or service charges boycotts. As part of the 2019/2020 MTREF the municipalities increase in cash position causes the ratio to move upwards and then increase slightly for outer years. As indicated above the Municipality aims to archive at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

The repayment of R 120 million loan from DBSA is illustrated above to be R500 thousand, however the municipality is also planning to pay the debt in full in the current financial year and budgeted as such. ANDM cash flow is positive showing a decrease in internal funding. The balance of R285 million for the two outer years analyses of cash flow shows an increase in cash balance which is R174 million for 2019/20 and R435 million for 2021/22. The surplus of R8million will assist in enhancing cash flows. This will therefore assist in reducing the municipal debt, (creditors / Accruals) and strategically allocated based on available cash at the time of payment.

7.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it March indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

7.5 Debt impairment expense as a percentage of billable revenue.

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

7.6 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 100 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days of which this is not the case with the ANDM due to financial constraints except for the grant funded projects.

7.7 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded.

Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (Dora) have been budgeted for. The Municipality has budgeted for all transfers.

7.8 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position Both measures show a relatively stable trend in line with the Municipality's policy of settling debtor's accounts within 30 days.

7.9 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

7.10 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability.

Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash: What are the predicted cash and investments that are available at the end of the budget year? • How are those funds used? • What is the net funds available or funding shortfall? A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend March be a concern that requires closer examination.

| | | | | | | | | | | | | |
|--|----|---------|-----------|-----------|-------------|-----------|---------|------------|---------|-------------|---------|---------|
| Operating Performance Surplus/(Deficit) | | | (32,422) | (225,413) | 35,590 | 28,603 | 25,801 | 25,801 | 25,801 | 27,368 | 56,433 | 91,483 |
| Cash and Cash Equivalents (30 June 2012) | | | | | | | | | | 174,680 | | |
| Revenue | | | | | | | | | | | | |
| % Increase in Total Operating Revenue | | | | (14.1%) | 20.4% | 22.8% | 2.7% | 0.0% | 0.0% | 11.3% | 5.6% | 7.2% |
| % Increase in Property Rates Revenue | | | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| % Increase in Electricity Revenue | | | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| % Increase in Property Rates & Services Charges | | | | (42.6%) | 142.1% | 9.7% | 0.0% | 0.0% | 0.0% | 45.9% | 5.4% | 5.4% |
| Expenditure | | | | | | | | | | | | |
| % Increase in Total Operating Expenditure | | | | 21.5% | (25.1%) | 25.8% | 3.2% | 0.0% | 0.0% | 11.5% | 1.8% | 3.0% |
| % Increase in Employee Costs | | | | 16.2% | 2.7% | 14.5% | (12.5%) | 0.0% | 0.0% | 15.5% | (0.7%) | (1.1%) |
| % Increase in Electricity Bulk Purchases | | | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Average Cost Per Budgeted Employee Position (Remuneration) | | | | 0 | 668234.7833 | | | | | 674773.9064 | | |
| Average Cost Per Councillor (Remuneration) | | | | 0 | 214438.7083 | | | | | 244015.5417 | | |
| R&M % of PPE | | 0.0% | 0.0% | 0.0% | 1.2% | 10.7% | | 0.0% | | 9.4% | 9.5% | 8.9% |
| Asset Renewal and R&M as a % of PPE | | 0.0% | 0.0% | 0.0% | 1.0% | 0.0% | | 0.0% | | 0.0% | 0.0% | 0.0% |
| Debt Impairment % of Total Billable Revenue | | 86.2% | 41.3% | 0.7% | 65.1% | 65.1% | | 65.1% | 65.1% | 52.5% | 52.5% | 52.5% |
| Capital Revenue | | | | | | | | | | | | |
| Internally Funded & Other (R'000) | | | - | - | - | - | - | - | - | 54,176 | 57,101 | 60,185 |
| Borrowing (R'000) | | | | | | | | | | - | - | - |
| Grant Funding and Other (R'000) | | 488,088 | 433,316 | 488,789 | 566,304 | 547,952 | | 547,952 | 547,952 | 525,284 | 543,868 | 620,730 |
| Internally Generated funds % of Non Grant Funding | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% | 100.0% | 100.0% |
| Borrowing % of Non Grant Funding | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Grant Funding % of Total Funding | | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 90.7% | 90.5% | 91.2% |
| Capital Expenditure | | | | | | | | | | | | |
| Total Capital Programme (R'000) | | 488,088 | 433,316 | 488,789 | 566,304 | 547,952 | | 547,952 | 547,952 | 579,459 | 600,970 | 680,915 |
| Asset Renewal | | - | - | - | - | 224,596 | | - | - | 196,876 | 203,766 | 217,772 |
| Asset Renewal % of Total Capital Expenditure | | 0.0% | 0.0% | 0.0% | 0.0% | 41.0% | | 0.0% | 0.0% | 34.0% | 33.9% | 32.0% |
| Cash | | | | | | | | | | | | |
| Cash Receipts % of Rate Payer & Other | | 63.1% | 91.8% | 39.1% | 100.0% | 100.0% | | 100.0% | 100.0% | 87.3% | 87.3% | 87.3% |
| Cash Coverage Ratio | | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| Borrowing | | | | | | | | | | | | |
| Credit Rating (2009/10) | | | | | | | | | | 0 | | |
| Capital Charges to Operating | | (0.5%) | 1.9% | 0.5% | 0.1% | 0.1% | | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% |
| Borrowing Receipts % of Capital Expenditure | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Reserves | | | | | | | | | | | | |
| Surplus/(Deficit) | | | (117,235) | (146,419) | (6,505) | (114,126) | 5,053 | 15,383,603 | 574,823 | 5,924 | 33,833 | 67,660 |
| Free Services | | | | | | | | | | | | |
| Free Basic Services as a % of Equitable Share | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Free Services as a % of Operating Revenue (excl operational transfers) | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| High Level Outcome of Funding Compliance | | | | | | | | | | | | |
| Total Operating Revenue | | | 522,994 | 449,151 | 540,833 | 664,086 | 681,804 | 681,804 | 681,804 | 758,788 | 801,179 | 858,677 |
| Total Operating Expenditure | | | 555,416 | 674,564 | 505,243 | 635,482 | 656,003 | 656,003 | 656,003 | 731,420 | 744,746 | 767,195 |
| Surplus/(Deficit) Budgeted Operating Statement | | | (32,422) | (225,413) | 35,590 | 28,603 | 25,801 | 25,801 | 25,801 | 27,368 | 56,433 | 91,483 |
| Surplus/(Deficit) Considering Reserves and Cash Backing | | | (117,235) | (146,419) | (6,505) | (114,126) | 5,053 | 15,383,603 | 574,823 | 5,924 | 33,833 | 67,660 |
| MTREF Funded (1) / Unfunded (0) | 15 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1 |
| MTREF Funded ✓ / Unfunded ✗ | 15 | ✗ | ✗ | ✗ | ✗ | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

8 Municipal manager's quality certificate

I, municipal manager of Alfred Nzo District Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal manager of Alfred Nzo District Municipality (DC44)

Signature _____

Date _____